



State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

September 28, 2005

Mr. Page van Loben Sels
Earth Energy Resources, Inc.
One Beechwood Drive
Oakland, California 94618

Subject: Complete Notice of Intention to Commence Small Mining Operations and Approval of Form and Amount of Reclamation Surety, Earth Energy Resources, Leonard Murphy Mine, S/019/059, Grand County, Utah

Dear Mr. van Loben Sels:

On August 31, 2005, the Division provided an e-mail authorization to proceed after the completed Reclamation Contract and \$32,100 cash surety for the referenced mine site were received. Because of internal delays and working with the State Treasurer's Office the reclamation surety was not formally approved until September 23, 2005. Copies of the fully signed and executed documents are enclosed for your files. We will forward a copy of the executed documents to the School and Institutional Trust Lands Administration (SITLA) for their records. The surety will be reviewed periodically to assure that the bond remains adequate.

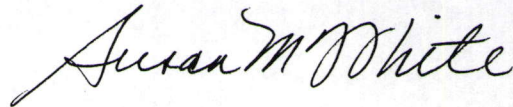
The Division of State History notified us that no historic properties should be affected by this operation. Please be advised that if **cultural resources** are encountered, such as archaeological resources, you should **immediately cease operations and notify this office and State History of your find.**

This notice and surety are for a small mining operation only, **not to exceed five acres**. You may commence with your mining operations as outlined, however do not disturb beyond this limit without first amending your notice, adjusting the bond amount and receiving written acceptance from this office. If you wish to expand to a large mine status, approval typically takes up to six to twelve months or longer. Please allow the appropriate lead time to complete the permitting.

Page 2 of 2
Mr. Page van Loben Sels
S/019/059
September 28, 2005

If you have questions or concerns regarding this letter, please contact me at (801) 538-5258 or Paul Baker at 538-5261. Best wishes with your new mining venture.

Sincerely,

A handwritten signature in black ink that reads "Susan M. White". The signature is written in a cursive style with a large, stylized 'S' and 'W'.

Susan M. White
Mine Program Coordinator
Minerals Regulatory Program

SMW:PBB:jb
Enclosure: Copy of Reclamation Contract & check
cc: Will Stokes, SITLA w/encl
O:\M019-Grand\S0190059-LeonardMurphy1\final\app-RC-09282005.doc

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

---ooOoo---

RECEIVED

AUG 30 2005

DIV. OF OIL, GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) S/019/059
(Mineral Mined) Oil Sands

"MINE LOCATION":
(Name of Mine) Leonard Murphy # 1
(Description) 52 miles Southeast of Ouray on the Seep Ridge Road, just North of the Uintah County, Grand County Line

"DISTURBED AREA":
(Disturbed Acres) Five
(Description) (Refer to Attachment A)

"OPERATOR":
(Company or Name) Earth Energy Resources, Inc
(Address) One Beechwood Drive
Oakland, CA 94618
(Phone) (510) 595-4151

"OPERATOR'S REGISTERED AGENT":

Name)
(Address)

Linda M. Zimmermann
170 North Main, Suite 900
Salt Lake City, Utah 84101
(801) 933-8933

(Phone)

"OPERATOR'S OFFICER(S)" & TITLE:

David L. Brough
Chief Executive Officer

SURETY":

(Form of Surety - Attachment B)

Cash

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Not Applicable

"SURETY AMOUNT":

(Escalated Dollars)

USD \$32,100

"ESCALATION YEAR":

2008

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Earth Energy Resources, Inc., the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S/019/059 which has been approved/accepted by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved/accepted Reclamation Plan or Notice, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the Reclamation Plan and/or Notice of Intention received by the Division on August 23, 2005. The Reclamation Plan and/or Notice of Intention, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be

reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Earth Energy Resources, Inc

Operator Name

By David L. Brough

Authorized Officer (Typed or Printed)

Chief Executive Officer

Authorized Officer - Position

Officer's Signature

Date

PROVINCE OF BRITISH COLUMBIA

STATE OF

COUNTY OF CANADA

ss:

On the 26th day of August, 20 05, David L. Brough personally appeared before me, who being by me duly sworn did say that he/she is the CEO of 1 and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said David L. Brough duly acknowledged to me that said company executed the same.

Earth Energy Resources, Inc.

Notary Public

Residing at Kelowna, British Columbia

My Commission Expires Continuous

A Notary Public in and for the
Province of British Columbia

ROBERT O. LEVIN
Barrister & Solicitor

607 1708 Dolphin Avenue
Kelowna British Columbia V1Y 9S4
Tel (250) 868-2101

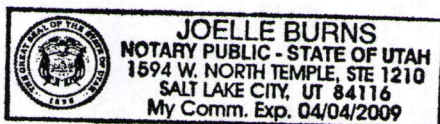
DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

Date 9/23/05

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 23rd day of September, 2005, John R. Baza
personally appeared before me, who being duly sworn did say that he, the said
John R. Baza is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns
Notary Public
Residing at: S.L.C. UT

April 4, 2009
My Commission Expires:

ATTACHMENT "A"

Earth Energy Resources, Inc.

Leonard Murphy # 1

Operator

Mine Name

S/019/059

Uintah County, Utah

Permit Number

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 5 acres under the approved / accepted permit and surety, as reflected on the attached map labeled P. R. Springs Leonard Murphy # 1 and dated August 26, 2005:

D4B PORTIONS OF I accept the changes David L. B...
The SE 1/4 of the SE 1/4 of Section 35 Township 15S Range 23E, AND

The SW 1/4 of the SW 1/4 of Section 36 Township 15S Range 23E

RECEIVED

SEP 01 2005


DIV. OF OIL, GAS & MINING

P.R. Springs, UT



Retain Branch Copy
Conserver le feuillet de la Succursale.
100 06 05
Correspondent Bank No.
No de corresp. bancaire

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK / TENIR LE DOCUMENT SOUS LA LUMIÈRE POUR VOIR LE FILIGRANE

BMO  **Bank of Montreal • Banque de Montréal**


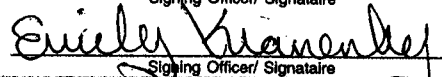
452464047 82-109/1070


Draft / Traite / Giro / 滙票

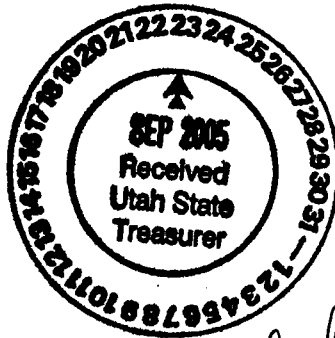
Date **AUG 29 2005**
US Dollars **US**
USD32,100.00
USD

Pay to the order of
Payez à l'ordre de **STATE OF UTAH**
BANK OF MONTREAL 32,100.00

Issued by / Émis Par
Integrated Payment Systems Inc., Englewood, Colorado
Bank One, NA, Greeley, Colorado

for Bank of Montreal / pour la Banque de Montréal

Signing Officer / Signataire

Signing Officer / Signataire

 Security Features Details on Back. Détails sur les dispositifs de Sécurité au verso.



*Coleen
Hawkwell
St. Treas. office*